NOMINATION—COMMUNICATIONS SATELLITE CORPORATION (COMSAT)

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

NOMINATION OF

JUSTIN DART, TO BE A MEMBER, BOARD OF DIRECTORS, COMMUNICATIONS SATELLITE CORPORATION (COMSAT)

SEPTEMBER 14, 1982

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NOMINATION—COMMUNICATIONS SATELLITE CORPORATION (COMSAT)

TUESDAY, SEPTEMBER 14, 1982

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m. in room 235 of the Russell Senate Office Building, Hon. Barry Goldwater presiding.

Staff members assigned to this hearing: Marguerite D. Ayers, professional staff member; and Gordon I. Fink, minority professional staff member.

OPENING STATEMENT BY SENATOR GOLDWATER

Senator GOLDWATER. It is with great pleasure that I welcome you, Mr. Dart, to the Committee on Commerce, Science, and Transportation's hearing on the subject of your becoming a member of the Comsat Board of Directors.

I might interject here that I have known Justin Dart for about 50 years. I wouldn't go back any further because neither one of us want anyone to think we are that old. But I am pleased the President has nominated my good friend and a man of such demonstrated ability.

We in Government are fortunate that men like Justin Dart are willing to devote some of their services and time. This is especially important in an era when the role of Comsat is expanding to embrace not only the traditional function as the Intelsat representative but new and exciting telecommunications services as well. As Comsat develops these lines of business, I think it is fortunate to have Mr. Dart as part of the team.

Senator Laxalt is here to testify in favor of Mr. Dart's nomination. But before you start, Paul, I want to make an additional statement relative to Intelsat.

As many in this room are aware, for a number of years I have been concerned with the U.S. success in promoting our position at international telecommunications conferences. All too often, our interests have been successfully challenged by foreign nations. This trend is very likely to continue as they see increasing opportunities to sell services and equipment in the expanding communications markets. Obviously, one of the important services that will be subject to this challenge is that provided by Intelsat. For that reason, it is imperative that we have strong leadership in that organization that will promote the services being offered by Intelsat.

I understand that Comsat is presently giving serious consideration to supporting and promoting the candidacy of a U.S. citizen for Director General of Intelsat. In my judgment, this is a commendable initiative on Comsat's part and I encourage them to pursue this objective.

STATEMENT OF HON. PAUL LAXALT, U.S. SENATOR FROM OF NEVADA

Senator LAXALT. I thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I am delighted to be able to introduce to this distinguished committee a good friend of mine and certainly of the chairman, and a distinguished American, Justin Dart. As you know, President Reagan has nominated Mr. Dart to serve on the Board of Directors of Communications Satellite Corporation.

I know I make this observation with a good deal of bias and prejudice, but I frankly do not believe the President could have made a finer choice for this post. Justin Dart will bring to the Comsat Board the expertise and commonsense that have characterized his long successful career in the private sector.

Mr. Dart is currently chairman of the executive committee of the Dart & Kraft board of directors. He began his career in 1941 when he joined the Liggett Drug Co., predecessor of Dart Industries Co., a Chicago-based drugstore chain. He was elected president and director of Liggett in 1942 and president and director of its parent organization, United Drug, in 1943. The company's name was changed to Rexall Drug Co. in 1946 and to Rexall Drug & Chemical Co. in 1959.

In 1966 Mr. Dart was elected chairman of its board of directors, and I might say in that same year he was the moving force behind the election of one Ronald Reagan to be Governor of California. Three years later, in 1969, to reflect the further diversification of the company away from its drugstore origins, the board voted another name change, to Dart Industries, Inc. The company was merged with Kraft, Inc. on September 25, 1980, forming Dart & Kraft.

Mr. Dart is a recipient of honorary degrees from the University of Southern California, where he serves as vice chairman of the board of trustees, and his alma mater, Northwestern University. There, of course, as most of us who are jocks know, he was an all-American football player.

I feel it is only appropriate that President Reagan select Justin Dart to be a member of the Comsat Board of Directors. He is a longtime friend of the President. He has been a guiding light of the President's political career, and I might say from my own experience and observation I know of no one in this country who has contributed more to the President politically or personally than Justin Dart. Indeed, as I indicated before, Mr. Dart was instrumental in Ronald Reagan's initial decision to seek public office.

The professionalism and business savvy that Justin Dart brings to the Comsat Board will make him a stellar appointment. I respectfully urge, Mr. Chairman, his prompt confirmation, and I thank you, Mr. Chairman.

Senator GOLDWATER. Thank you, Senator Laxalt.

Senator Byrd was here and had to depart. We will put his letter of support in the record.

[The letter follows:]

U.S. SENATE,
Washington, D.C., September 9, 1982.

Hon. BARRY GOLDWATER,
Chairman, Subcommittee on Communications.

MY DEAR BARRY: I am delighted that our mutual friend Justin Dart has been appointed to the Communications Satellite Corporate Board.

You know Justin so well there is nothing I can tell you about him. For the Committee record, however, I'd like to state my high regard for Justin Dart and to say that I think our nation is fortunate to have one of his dedication and ability in the important position to which he has been appointed. Of course, he has my wholehearted support in the confirmation proceedings.

Warm regards, Barry.
Sincerely,

HARRY F. BYRD, Jr.
U.S. Senator.

Senator GOLDWATER. I understand that Senators Boren and Nunn wanted to be here but could not because of conflicts, so their statements will be put in the record.

[The statements follow:]

STATEMENT OF HON. DAVID BOREN, U.S. SENATOR FROM OKLAHOMA

Mr. Chairman and Members of Committee, it is with pleasure that I wholeheartedly endorse the nomination of Justin Dart to become a member of the board of directors of Comsat. Justin has held many demanding positions of responsibility and leadership, including chairman of the executive committee of the Dart & Kraft Board of Directors, general manager and director of the Walgreen Company of Chicago, president and director of Liggett—and president and director of its parent organization, United Drug Company, to name but a few.

Justin Dart also served on the board of United Airlines and its parent corporation, UAL, Inc., for 38 years and was named director emeritus of UAL in 1979. Previously he served as a director for Cowles Communications.

Obviously, Mr. Dart's experience in leadership roles will be a great asset to the Communications Satellite Corporation. He is a person of great talent and ability with a deep and sincere patriotic concern for his country. I hope that his confirmation by this distinguished Committee will be expeditious.

STATEMENT OF HON. SAM NUNN, U.S. SENATOR FROM GEORGIA

Dear Mr. Chairman, it is with great pleasure that I support the nomination of Justin W. Dart to be a member of the Board of Directors of the U.S. Communications Satellite Corporation. In this age of rapidly expanding technological advances in the telecommunications field, someone of Mr. Dart's vast experience and proven success in the world of business will contribute significantly to carry out the important mission of the Corporation.

I have known Mr. Dart for a number of years, and I believe the administration could not have chosen a more capable individual for this position. Justin Dart loves his country and I am confident he will serve in this position with skill, diligence and honor. Accordingly, I respectfully urge the committee to report Mr. Dart's nomination to the full Senate for expeditious approval.

Senator GOLDWATER. I thank you very much, Senator Laxalt, for being with us this morning. I know it is rather early for you, but we have enjoyed having you.

Senator LAXALT. And I enjoy that observation.

Senator GOLDWATER. I might say at this point that Mr. Dart has satisfied all of the requirements of the Ethics Board; and Justin, if you have a statement to make, we would be glad to hear you.

STATEMENT OF JUSTIN DART

Mr. DART. Barry, Mr. Chairman, I would like to say this. It came as a great surprise to me that this was a Presidential appointment. I had no idea that it was. When John Harper, who has been a long-time friend of mine, told me of the Comsat Board position, I thought, as I believe anyone else would have, that this was a corporate board and had nothing to do with the President.

When I discovered it was a Presidential nomination, I wrote the President and said, look, I went all through the screening process with you in the kitchen cabinet and all, and I never wanted anything; I didn't want an Ambassadorship, I didn't want to be in the Cabinet, I didn't want a darned thing, so why don't you give this to someone that you owe something to or something of that kind.

Well, in his usual gracious way, he wrote back and said, don't be silly, this should not be a point of concern to you. But it was a point of concern to me. I am very pleased that he would like to have me serve, but I wanted to make it quite plain that I didn't seek this directorship in any possible way, and I had no knowledge of any kind at any time that it was a Presidential appointment.

Senator GOLDWATER. Well, in a way that doesn't surprise me because both of us know the President very, very well and know that he is apt to pull surprises occasionally; but I happen to like this surprise, mainly because Comsat, I believe, is the coming popular mode of television. I honestly believe that within 2 or 3 years, we will see a decline of cable television, we will see a decline in the normal antenna-to-antenna television, and Comsat with its little dish antenna on the roof will replace all of them.

So you have a very exciting job, you have a very fine organization waiting for you, centrally located in Washington and very well able to take care of their problems.

I have a few questions for you for the record.

Do you know of any conflict of interest or any reason of that nature why you should not serve on this Board?

Mr. DART. None.

Senator GOLDWATER. With a publicly held corporation of this kind as a public member by Presidential appointment, what role would you see in it for yourself?

Mr. DART. I would see it, frankly, the way I would see any other job: To do what was best for the country as a whole and for the American people. I would try to serve the Nation first and the Corporation second.

Senator GOLDWATER. I, of course, have known you forever, and I have watched you as you have assumed one corporate job after another after having worked yourself up. I often like to tell the story of the first time I met you, you were jerking soda in order to learn how a drug store operated, and you have come all the way up the ladder.

I think this job is basically a managerial job, and as I told you and as you probably know, there is an excellent staff built up practically from nothing as far as knowledge goes. When Comsat started, there was just this idea that by antennas, we could pick up satellite signals and transcribe them into television, which we are now doing with terribly expensive equipment.

I see the day very, very shortly—next year, maybe the year after—when the little 2-foot dish and receiving equipment will be sold for around $200, enabling practically anyone in the country to have that reception.

One more question. Is it appropriate, in your view, that Comsat branch into areas of business or acquire other firms which are engaged in businesses unrelated to the original purposes for which the Corporation was set up in the 1962 act?

Mr. DART. Knowing as little as I know about Comsat, I would say that Comsat has a pretty full cup of tea with the exciting prospects, as you mentioned, for direct television, satellite television to possibly every home in the United States, and I would not look at this as I would look at my own company, Dart & Kraft, where I am looking for opportunities outside the field. As I see it now, I think the opportunities within the field are so exciting and so many that I see no need for immediately looking for anything outside of the purview of the present business.

Senator GOLDWATER. Well, Justin, I know of no other questions. I know that the members of the committee are interested in this nomination, but I must explain that at this time of the year with an election coming, very few of the members are around, and those who are here are probably off doing something else. So I apologize for my being the only member here.

I am asking that the Office of Government Ethics' opinion letter be made a part of the record, and we will put anything else in the record we feel to be justifiably necessary.

[Documents referred to follow:]

BIOGRAPHICAL SKETCH OF JUSTIN WHITLOCK DART

Address: Office—8480 Beverly Boulevard, Los Angeles, CA 90048. Home—444 North Faring Road, Los Angeles, CA 90024.

Date and Place of Birth: August 17, 1907, Evanston, Illinois.

Marital Status: Married—Jane O'Brien.

Names and ages of children: Justin W. Dart, Jr., 51; Peter W. Dart, 49; Guy Michael Dart, 41; Jane Dart Campbell, 39; and Stephen M. Dart, 31.

Education: Hinsdale High School, Hinsdale, Ill., 1920–24; Mercersburg Academy, Mercersburg, Pa., 1924–25; Northwestern University, Evanston, Ill., 1925–29, BA–1929.

Employment record: Walgreen Co., 744 Bowen Ave., Chicago, Illinois—1930–40—Started as Drug Clerk—final job was General Manager. United Drug Co. (Now Dart & Kraft, Inc.) 1941 to present also known as United Rexall Drug Co., Rexall Drug and Chemical Co. and Dart Industries, Inc. President Chairman and CEO and currently Chairman of Executive Committee.

Government Experience: None.

Memberships: Chairman, Board of Trustees, University of Southern California—1967–71 currently Vice Chairman. The Conference Board—1980 to present. Founding Co-Chairman of California Roundtable. Trustee, Los Angeles County Museum of Art. Trustee, Eisenhower Medical Center, Palm Desert, CA. Trustee and V. P., Hospital of the Good Samaritan, Los Angeles, CA.

Political affiliations and activities—Delegate to Republican National Convention; Finance Chairman of several candidates. (Financial contributions on Schedule A attached).

Honors and Awards: 1970—Doctor of Laws, University of Southern California; 1979—Humane Letters, Northwestern University; 1981—Gold Medal Award, National Football Hall of Fame. Many other business and civic awards for outstanding service and achievement.

Published writings: None.

Speeches: List attached on Schedule B attached. Have never written a speech so have no copies. Am attaching copies of outlines which I use and while I might vary slightly from time to time the speech is pretty much the same.

Qualifications: My fairly successful business background. My inate desire for new challenges. To prove that senility does not necessarily arrive with a pension check.

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., July 14, 1982.

Hon. ROBERT PACKWOOD,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We have before us the financial disclosure report of Justin W. Dart, who has been nominated by President Reagan as a Member of the Board of Directors of the Communications Satellite Corporation (COMSAT). Mr. Dart would not be required to file a public financial disclosure report under the Ethics in Government Act ("the Act") since the Communications Satellite Corporation, not being an agency of the United States (47 U.S.C. § 731), is not subject to title II of the Act. The Act, however, does contain a provision in Section 201(b) which allows the Committee holding the confirmation hearing to request any additional financial information it may wish from a nominee. You have informed us by letter dated October 26, 1981, that your Committee desires a written opinion from us with respect to Presidential nominees for corporations which are not government agencies. This is Mr. Dart's situation.

Because Mr. Dart is not an official subject to the public disclosure provisions of the Act, the enclosed report and this letter are submitted to you in accordance with your Committee's confirmation procedures and will be available for public inspection only to the extent provided for by your practices. There is no authority under the Act for public release of this material by the Executive branch.

We have reviewed the report at your request and have obtained advice from COMSAT concerning any possible conflict in light of its functions and the nominee's proposed duties. Mr. Dart will be required to abstain from participating in discussions and voting in any matters involving any of his interests.

Based on the foregoing, we believe that Mr. Dart is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. JACKSON WALTER, *Director.*

U.S. SENATE,
Washington, D.C., September 14, 1982.

Mr. JUSTIN DART,
Los Angeles, Calif.

DEAR MR. DART: As a member of the Senate Communications Subcommittee, I want to extend my sincere congratulations and my commitment of support for your nomination as a member of the Board of Directors of the Communications Satellite Corporation.

COMSAT has an extremely important role to play in today's technological revolution. Your stature as an outstanding American businessman will lend added prestige to COMSAT's Board of Directors. We are fortunate, indeed, to have the benefit of advice and expertise from acknowledged and established business leaders such as yourself. Your willingness to serve in this capacity is greatly appreciated.

Again, congratulations on your nomination. I am unable to attend the hearings today, due to a previously scheduled meeting with Interior Secretary Watt on water development in my home state, but I wanted you to know of my support and best wishes.

Sincerely,

LARRY PRESSLER, *U.S. Senator.*

Senator GOLDWATER. Without approval other than my own, we will consider you appointed. We will poll the other members of the committee today so that we can expeditiously put your name on the report on the calendar. I wish you the very, very best of luck.

I do not think I could come to any other conclusion but that you will make an excellent manager for this. I may be prejudiced, having known you for so long and having watched your lifetime of success, but I look upon Comsat as probably not only the great

source of television of the future but a source that can eliminate a lot of the questions we are now seeing raised daily by the growing conflict between standard television and cable and the interjection of satellite reception for cable use.

I know of nothing else. Do you have anything you would like to add?

Mr. DART. I would like to ask a question.

Senator GOLDWATER. All right.

Mr. DART. There is a Comsat meeting on the 17th of this month, a Board meeting. Do I wait until I get a confirmation from the full Senate or do I go to that Board meeting?

Senator GOLDWATER. I wouldn't say that you wait. I think it would be wise if you went to the meeting. This is the 14th today. It is rather difficult to think that we could get this printed up and on the calendar that soon. If I were you, I would go just for the background.

Mr. DART. In other words, you say go ahead to the meeting and learn what you can but you are not a Director yet; is that right?

Senator GOLDWATER. Yes, sort of slide in.

Mr. DART. All right. That is fine with me.

Senator GOLDWATER. Thank you very much for coming this morning. We really appreciate it. Those remarks by other Senators will be put in the record, and after this we will call you Mr. Boss.

Mr. DART. It is meaningful to me that a meeting of this kind is chaired by a personality like yourself, a legend in our country's history. I feel honored to appear before you.

Senator GOLDWATER. I am not a legend, but I am not well thought of. Maybe that is a legend.

Thank you very much.

[Whereupon, at 10:15 a.m. the hearing was concluded.]

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